



Twelfth edition

# economics

David Begg, Gianluigi Vernasca,  
Stanley Fischer and Rudiger Dornbusch

Twelfth edition

**economics**

David Begg, Gianluigi Vernasca,  
Stanley Fischer and Rudiger  
Dornbusch

Twelfth edition

**economics**

David Begg, Gianluigi Vernasca,  
Stanley Fischer and Rudiger  
Dornbusch





*Economics 12th Edition*

David Begg, Gianluigi Vernasca, Stanley Fischer and Rudiger Dornbusch

ISBN-13 9781526847393

ISBN-10 1526847396

Published by McGraw-Hill Education

338 Euston Road

London

NW1 3BH

Telephone: +44 (0) 203 429 3400

Website: [www.mheducation.co.uk](http://www.mheducation.co.uk)

**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

**Library of Congress Cataloging in Publication Data**

The Library of Congress data for this book has been applied for from the Library of Congress

Portfolio Manager: Sabrina Farrugia

Content Developer: Yasmine Amin and Nina O'Reilly

Content Product Manager: Adam Hughes

Marketing Manager: Geeta Chandolia

Text design by Kamae Design

Cover design by Adam Renvoize

Printed and bound in the United Kingdom by Bell & Bain Ltd, Glasgow

Published by McGraw-Hill Education (UK) Limited an imprint of McGraw-Hill Education,

2 Penn Plaza New York, NY 10121. Copyright © 2020 by McGraw-Hill Education (UK) Limited. All rights reserved. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of McGraw-Hill Education (UK) including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Fictitious names of companies, products, people, characters and/or data that may be used herein (in case studies or examples) are not intended to represent any real individual, company, product or event.

ISBN-13 9781526847393

ISBN-10 1526847396

© 2020. Exclusive rights by McGraw-Hill Education for manufacture and export. This book cannot be re-exported from the country to which it is sold by McGraw-Hill Education.

# Dedication

For Honora, Mary and Robin – DB

To my family, to my beloved Vitalba and Francesco – GV





# Brief table of contents

---

Preface	xii
Guided Tour	xv
Boxed Material	xviii
Flexibility chart	xxiii
Online Resources	xxiv
Connect	xxv
Acknowledgements	xxviii
About the Authors	xxix

## PART ONE Introduction

1	Economics and the economy	2
2	Tools of economic analysis	19

## PART TWO Positive microeconomics

3	Demand, supply and the market	38
4	Elasticities of demand and supply	55
5	Consumer choice and demand decisions	74
6	Choice under uncertainty and behavioural economics	103

7	Introducing supply decision	122
8	Production, costs and supply	141
9	Perfect competition and pure monopoly	171
10	Market structure and imperfect competition	197
11	Labour market	219
12	Factor markets, income distribution, and inequality	246
13	The economics of information	268
PART THREE Welfare economics		
14	Welfare economics	284
15	Government spending and revenue	311
16	Governing the market	334
PART FOUR Macroeconomics		
17	Introduction to macroeconomics	352
18	Supply-side economics and economic growth	370
19	Output and aggregate demand	392